

TITLE 83: PUBLIC UTILITIES  
CHAPTER I: ILLINOIS COMMERCE COMMISSION  
SUBCHAPTER e: WATER AND SEWER UTILITIES

PART 655  
PURCHASED WATER AND SEWAGE TREATMENT SURCHARGES

Section	
655.10	Applicability
655.20	Definitions
655.30	Recoverable Purchased Water/Sewage Treatment Costs
655.40	Determination of Purchased Water/Sewage Treatment Surcharge
655.50	Annual Reconciliation
655.60	Implementation

AUTHORITY: Implementing Section 9-220.2 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/9-220.2 and 10-101].

SOURCE: Adopted at \_\_\_\_ Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

Section 655.10 Applicability

- a) A purchased water/sewage treatment surcharge shall be applied to water/sewer bills of customers of water/sewer utilities in the applicable rate zone for utilities having a purchased water/sewage treatment surcharge rider and information sheet in effect and on file with the Illinois Commerce Commission (Commission).
- b) A purchased water/sewage treatment surcharge shall be applied, during the effective month, in accordance with the provisions of this Part.
- c) Each purchased water/sewage treatment surcharge shall be determined in accordance with Section 655.40 of this Part.

Section 655.20 Definitions

“Act” means the Public Utilities Act [220 ILCS 5].

“Base period” means the remaining months in the reconciliation year that includes the effective month.

“Billing units” means the unit of billing for water billed to the customer by the utility, for example, thousands of gallons or hundreds of cubic feet.

“Commercial customer” means any customer that is not a residential customer or multi-unit residential customer.

“Effective month” means the months during which the water/sewage treatment surcharge shall be in effect.

“Equivalent billing units” means the number of 5/8-inch meters equivalent in flow to a larger meter.

“Information sheet” means a tariff sheet supplemental to the rider filed in accordance with this Part that establishes the initial or modified amount of a purchased water/sewage treatment surcharge.

“Large commercial customer” means a commercial customer with an annual water use of 100,000 gallons or more.

“Multi-unit residential customer” means a dwelling unit used primarily as a residence and located in a master metered building containing more than one such dwelling unit.

“Purchased water/sewage treatment surcharge” means the amount added to a customer's bill in accordance with Section 655.40 of this Part.

“Rate zone” means the service areas to which a particular base rate or purchased water/sewage treatment surcharge applies but does not include areas that have different base rates or purchased water/sewage treatment surcharges, even though such areas may be served by the utility.

“Reconciliation year” means the calendar year for which actual water and sewage costs and revenues attributable to the purchased water/sewage treatment surcharge are to be reconciled.

“Residential customer” means a customer serviced at an individually metered premises used primarily as a residence.

“Small commercial customer” means a commercial customer with an annual water use below 100,000 gallons.

#### Section 655.30 Recoverable Purchased Water/Sewage Treatment Costs

- a) Costs recoverable through the purchased water/sewage treatment surcharge shall include the following:

- 1) The cost of purchased water from an entity other than the utility (including wheeling or delivery charges); and
  - 2) The cost of purchased sewage treatment from an entity other than the utility.
- b) Recoverable purchased water/sewage treatment costs shall be offset by the revenues derived from transactions at rates not subject to the purchased water/sewage treatment surcharge to the extent that costs incurred in connection with such transactions are recoverable costs under subsection (a) above. Subsection (a) shall apply to transactions subject to rates contained in tariffs on file with the Commission, in contracts entered into pursuant to such tariffs, and in any other contracts providing for purchased water/sewage treatment.
  - c) Revenues from penalty charges approved by the Commission which relate to purchased water/sewage treatment shall offset recoverable costs as determined under Sections 655.40 of this Part.
  - d) The determination of costs recoverable from customers through the purchased water/sewage treatment surcharge shall not include water used in, and/or sewage treated for, facilities either owned or leased by the utility.

#### Section 655.40 Determination of Purchased Water/Sewage Treatment Surcharge

- a) For the recovery of purchased water costs, the water surcharge shall consist of a monthly fixed charge and a variable charge.
  - 1) The monthly fixed charge shall recover costs that do not vary with the quantity of water purchased. Such fixed charges would include items such as depreciation for existing facilities and capital-related costs for new and existing facilities when such costs are billed by the supplier as a fixed monthly or annual amount. If there are no fixed charges from the supplier, all costs shall be recovered as a variable charge.
    - A) Fixed costs shall be distributed among customers on an equivalent meter basis. A 5/8 inch disk meter shall equal one equivalent billing unit. Equivalent billing units for meters of other sizes shall be based upon the following ratios:

<u>Meter Size</u>	<u>Ratio</u>
5/8" disk	1.0
3/4" disk	1.5

1" disk	2.5
1 1/2" disk	5.0
2" disk	8.0
3" disk	15.0
4" disk	25.0
6" disk	50.0
8" disk	80.0
10" disk	115.0
12" disk	168.0
3" turbine	17.5
4" turbine	30.0
6" turbine	62.5
8" turbine	90.0
10" turbine	145.0

- B) The fixed charge shall be calculated using the following formula:

$$FC = \frac{FSC + Rf + Of}{EBU}$$

Where:

FC = Monthly fixed charge per equivalent billing unit to be billed to customers during the base period.

FSC = Estimated fixed charge from the supplier during the base period.

Rf = Utility-determined reconciliation component for the fixed charge.

Of = Commission-ordered adjustment component for the fixed charge.

EBU = Estimated equivalent billing units for the base period.

- 2) The variable charge shall recover costs that vary by the quantity of water purchased plus the reconciliation component and the adjustment component and shall be charged to all customer classes based on the quantity of water used by each customer, regardless of meter size. The variable charge shall be calculated using the following formula:

$$VC = \frac{VSC + Rv + Ov}{VBU}$$

Where:

VC = Variable charge per variable billing unit to be billed to customers during the base period.

VSC = Estimated variable charge from the supplier during the base period.

Rv = Utility-determined reconciliation component for the variable charge.

Ov = Commission-ordered adjustment component for the variable charge.

VBU = Variable billing units for water to be billed to customers during the base period expressed in 1,000 gallon or 100 cubic feet increments.

b) For the recovery of purchased sewage treatment costs, if the utility's cost for purchased sewage treatment does not vary based on the strength of waste treated, the sewage treatment surcharge shall consist of a monthly charge:

1) If all customers are residential, multi-unit residential, or small commercial customers, divide the total expected cost plus the reconciliation component and the adjustment component by the number of customers and divide that amount by 12 to obtain the monthly charge. For the purposed of this subsection, each multi-unit residential customer shall be counted as 85% of a residential customer. The charge for purchased sewage treatment will be calculated using the following formula:

$$SCm = \frac{PST + R + O}{NC \times M}$$

Where:

SCm = Monthly charge per residential customer or small commercial customer for purchased sewage treatment to be billed during the base period. (The

monthly charge for each multi-unit residential customer shall equal  $SC_m \times .85$ .)

PST = Estimated cost of purchased sewage treatment charges from the supplier for the base period.

R = Utility-determined reconciliation component.

O = Commission-ordered adjustment component.

NC = Estimated monthly average number of customers for the base period (each multi-unit residential customer is counted as .85 of one residential customer).

M = Number of months in the base period.

2) If the system serves one or more large commercial customers, the sewage treatment surcharge shall be calculated in the following manner.

A) The sewage treatment surcharge for large commercial customers shall be computed by obtaining an average cost of sewage treatment per 1,000 gallons or per 100 cubic feet of water used by all customers. The large commercial customers shall have a minimum monthly bill equal to the residential monthly sewage treatment surcharge as determined under subsection (b)(2)(B). Any over-recovery of revenue resulting from the imposition of the minimum bill to large commercial customers shall result in a reduction of the cost of the large commercial rate so that the total revenue recovered equals the target revenue from large commercial customers.

B) The residential sewage treatment surcharge shall be a flat rate equal to the average cost per 1,000 gallons or per 100 cubic feet of water used multiplied by the total average monthly estimated water usage of the residential customer class divided by the number of residential customers. For purposes of this Subsection, each multi-unit residential customer shall be counted as 85% of a residential customer.

C) The multi-unit residential sewage treatment surcharge shall be equal to the residential sewage treatment surcharge multiplied by .85.

- D) The charges for purchased sewage treatment shall be calculated using the following formulae:

$$SCbu = \frac{PST + R + O}{BU}$$

$$CRSCbu = SCbu - AMC$$

$$RMSC = \frac{SCbu \times RAMU}{NCr}$$

Where:

SCbu = Average charge for purchased sewage treatment per billing unit of water to be billed to residential and commercial customers during the base period.

PST = Estimated cost of purchased sewage treatment charges from the supplier for the base period.

R = Utility-determined reconciliation component.

O = Commission-ordered adjustment component.

BU = Number of billing units to be billed to customers during the base period.

CRSCbu = Large commercial rate sewage treatment charge for purchased sewage treatment per billing unit of water to be billed.

AMC = Billing adjustment for the large commercial minimum charge.

RMSC = Residential monthly sewage treatment charge. (The multi-unit residential monthly sewage treatment charge is equal to  $RMSC \times .85$ .)

RAMU = Total residential average estimated monthly water usage for the base period.

NCr = Number of residential and multi-unit residential customers (each multi-unit residential cus-

tomers being equal to .85 of one residential customer.

- c) If the utility's cost varies based on the strength of waste treated, the appropriate formula for determination of the purchased sewage treatment surcharge will be included in the utility's purchased sewage treatment rider.

#### Section 655.50 Annual Reconciliation

- a) At the time that the utility files its annual reconciliation, the utility shall file a petition pursuant to 83 Ill. Adm. Code 200 seeking approval of its annual reconciliation. The annual reconciliation shall be verified by an officer of the utility.
- b) The utility shall provide the following schedules for each surcharge being reconciled:
  - 1) A schedule showing the costs recoverable through the applicable surcharge during the reconciliation year,
  - 2) A schedule showing the revenues arising from the applicable surcharge during the reconciliation year, and
  - 3) A schedule showing the reconciliation components determined by the utility ( $R_f$ ,  $R_v$ , and  $R$ , as applicable) to be recovered or refunded throughout the April 1 through December 31 period following the filing of the annual reconciliation. The reconciliation components shall be treated as an addition to, or an offset against, actual purchased water/ purchased sewage treatment costs.
    - A) The calculation of the utility-determined reconciliation components shall include the effects of the reconciliation components and adjustment components from prior reconciliation years that were effective in the year being reconciled.
    - B) The utility-determined reconciliation components shall include the total of the following items:
      - i) Refunds, directly billed supplier surcharges, unamortized balances of adjustments in effect as of the utility's implementation date, and other separately designated adjustments;

- ii) For the initial reconciliation year, the cumulative difference between actual recoverable purchased water/sewage treatment costs and surcharge recoveries for the period preceding the initial effective month; and
    - iii) The unamortized portion of any reconciliation components and/or adjustment components included in prior determinations of the purchased water/sewage treatment surcharge.
  - C) The reconciliation components shall not include costs associated with unaccounted for water or any storm water inflow or infiltration in contravention of an Order of the Commission directing that such costs not be reflected in rates.
  - D) If a utility determines the need to amortize a positive reconciliation component over a period longer than nine months, the utility must receive authority from the Commission's Manager of the Accounting Department to recover such costs over a longer period. The utility shall make the request in writing to the Manager of the Accounting Department. The Manager of Accounting Department must approve the request for a longer amortization period in writing. The Manager of the Accounting Department shall consider the dollar amount of the positive reconciliation component and the impact of the positive reconciliation component on customer bills when granting or denying a utility's request for an amortization period longer than nine months.
- c) Costs and revenues associated with the purchased water/sewage treatment surcharge shall be subject to adjustment components (Of, Ov, and O, as applicable) as required by an Order of the Commission. Any difference determined by the Commission shall be credited or charged, as appropriate, along with any interest at the effective rates established by the Commission under 83 Ill. Adm. Code 280.70(e)(1). Interest on the adjustment component shall be applied from the end of the reconciliation year until the adjustment component is refunded or charged.
  - d) The initial reconciliation year shall begin on the effective date of the purchased water/sewage treatment surcharge and end on December 31 of the calendar year in which the surcharge was initiated. Each subsequent reconciliation year shall begin on January 1 and shall end on December 31.

- e) The utility will file its annual reconciliation no later than the March 15 following the December 31 end of the reconciliation period. The utility-determined reconciliation component from the annual reconciliation shall become effective on the April 1 following the end of the reconciliation year.
- f) When the utility files its annual reconciliation, the utility shall provide two copies of the following items, for each surcharge being reconciled, one copy to the Commission's Manager of the Water Department and one copy to the Commission's Manager of the Accounting Department:
  - 1) Copies of all workpapers pertaining to the reconciliation;
  - 2) Copies of all invoices supporting the costs for the applicable purchased water/sewage treatment surcharge;
  - 3) Copies of the applicable general ledger or equivalent documentation supporting the recovery of the purchased water/sewage treatment surcharge;
  - 4) A worksheet showing an independent calculation of the purchased water/sewage treatment surcharge. For fixed charges, the worksheet shall show the total fixed charge obtained by multiplying the monthly fixed charge by the number of customer months. For variable charges, the worksheet shall show the total variable charge obtained by multiplying the units delivered by the variable charge rate; and
  - 5) A detailed worksheet showing the calculation of any reconciliation component based upon the annual reconciliation and the effect of the reconciliation component amount on the purchased water/sewage treatment surcharge rate.

#### Section 655.60 Implementation

- a) A utility proposing a purchased water/sewage treatment surcharge under this Part shall file a purchased water/sewage treatment surcharge rider in accordance with the requirements of Section 9-201 of the Act [220 ILCS 5/9-201].
- b) The amount of any new or modified purchased water/sewage treatment surcharge shall be shown on an information sheet supplemental to the purchased water/sewage treatment surcharge rider, which shall be filed in accordance with this Section.

- c) The utility shall provide supporting documentation and workpapers with the filing of each information sheet.
- d) The utility shall file the information sheet and supporting data for the purchased water/sewage treatment surcharge no later than the 20th day of the month preceding the effective month. An information sheet and supporting data filed after that date, but prior to the first day of the effective month, shall be accepted only if it corrects an error or errors from a timely filed information sheet for the same effective date. Any other information sheet and supporting data shall be accepted only if submitted as a special permission request to become effective on less than 45 days' notice under the provisions of Section 9-201(a) of the Act [220 ILCS 5/9-201(a)].
- e) The purchased water/sewage treatment surcharge shall be presented as a separate line item on the customer bills.
- f) The revenues resulting from each purchased water/sewage treatment surcharge shall be recorded in a separate revenue subaccount.
- g) A utility which presently has in place a separate charge for the recovery of purchased water/sewage treatment costs shall, within 60 days after the effective date of this Part [on or before (insert date)], file with the Commission tariff sheets proposing to initiate a new purchased water/sewage treatment surcharge rider consistent with this Part and cancel the presently effective separate charge. Such tariff sheets shall reflect the utility's proposal for disposition of reconciliation balances, if any, accrued under the separate charge in effect when the tariff sheet are filed.
- h) A utility shall provide notice as required by Section 9-201(a) of the Act after the filing of each information sheet. The utility also shall post notice of such filing in accordance with the requirements of 83 Ill. Adm. Code 255. Unless filed as part of a general rate increase, notice of the filing of a purchased water/sewage treatment surcharge rider also shall be given in the manner required by this subsection for the filing of information sheets.